India's QRs were not justified on balance of payments grounds. The Government has set up a Task Force to study the impact of removal of QRs on urea and suggest measures including that of bound rate which will be made applicable to protect the indigenous industry. The recommendations of the Tasks Force will form the basis for imposition of applied rate of tariff on urea imports.

All other major fertilizers are decontrolled and their imports are being freely made on private trade account. Currently, tariff on Di-Ammonium Phosphate (DAP) and Sulphate of Potash (SOP) is 5% while it is 5.5% in respect of other fertilizers.

The Govenment has so far been notifying Maximum Retail Price (MRP) of urea under Essential Commodities Act. In respect of decontrolled fertilizers, the Government has been fixing MRP under the Concession Scheme which is administered by the Department of Agriculture and Cooperation. So long as this arrangement continues, levying of tariff may have no impact on the market prices.

Excess charging by oil companies from fertilizer units

3419. SHRI DILIP SINGH JUDEV:
SHRI BRATIN SENGUPTA:

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether it is a fact that the oil companies have been charging the fertilizer units for naphtha fuel oil and LSHS at rates higher than the import parity prices;

(b) if so, the reasons therefor; and

(c) the additional subsidy outgo due to such excess charge during 1998-99 and 1999-2000?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI RAMESH BAIS): (a) to (c) As part of the phased programme of dismantling the administered pricing mechanism, some petroleum products including naphtha and LSHS have been decontrolled effective 1.4.1998. These pertroleum products which were earlier available to fertilizer companies at consessional rates under the administered pricing mechanism are now being sold by the refineries at market driven prices. Public Sector Oil Companies charge the fertilizers units for naphtha, fuel oil and LSHS supplied to them at prices that are worked out on the principle of import parity.